

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 NSC-05 CAB-05 CIAE-00  
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02  
FAA-00 SS-15 L-03 PA-02 PRS-01 USIA-15 /075 W  
-----011351 201310Z /43

P 201238Z JUN 77  
FM AMEMBASSY LONDON  
TO WHITE HOUSE PRIORITY  
SECSTATE WASHDC PRIORITY 5260

UNCLAS SECTION 01 OF 02 LONDON 10113

WHITE HOUSE FOR JOHNSTON, DEAL (NSC)  
STATE FOR E, EB  
PASS DOT (DAVENPORT, KAMM), CAB (KAHN, RODRIGUEZ)

E.O. 11652: N/A  
TAGS: EAIR, UK  
SUBJECT: US-UK CIVAIR NEGOTIATIONS: PRESS REPORTS,  
JUNE 20

1. UNDER HEADLINE "AIR AGREEMENT NEAR WITH US", IAN  
HARGREAVES OF THE FINANCIAL TIMES WRITES THIS MORNING:  
A. BRITAIN AND US APPEARED LAST NIGHT TO BE EDGING  
TOWARDS SETTLEMENT OF NEW BILATERAL AIR SERVICES AGREE-  
MENT TO REPLACE BERMUDA TREATY.

B. IT SHOULD BECOME CLEAR TODAY WHETHER AGREEMENT HAS  
BEEN REACHED, SO EITHER REMOVING THE THREAT OF HALTING  
ALL UK-US SCHEDULED FLIGHTS FROM WEDNESDAY MORNING OR  
GIVING AIRLINES 24 HOURS TO ACTIVATE CONTINGENCY PLANS.

C. THOSE WOULD INVOLVE BRITISH AIRWAYS FLYING PASSEN-  
GERS VIA CANADA, AND BIG US AIRLINES OPERATING THROUGH  
PARIS, AMSTERDAM AND BRUSSELS.

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D. IT HAS BEEN TOUGH AND EXHAUSTING WEEKEND FOR BOTH  
SIDES IN TALKS WITH MEETINGS LATE INTO EVENING SATURDAY  
AND YESTERDAY.

E. MAIN DIFFERENCES CONTINUED TO BE OVER TYPE OF  
REGULATOR TO BE USED TO CONTROL NUMBER OF SEATS  
AVAILABLE ON TRANSATLANTIC FLIGHTS AND QUESTION OF WHICH

EASTWARD ROUTES OUT OF LONDON US AIRLINES WILL BE ALLOWED TO FLY AND UNDER WHAT CONDITIONS.

F. THIRD ISSUE WHICH CONTINUES TO CAUSE TROUBLE IS POSITION OF CHARTER SERVICES, TO WHICH THE ORIGINAL L946 BERMUDA TREATY MADE NO REFERENCE.

G. REGULATIONS ON AIR WORTHINESS, TARIFFS AND CAPACITY ARE PRESENTLY COVERED BY SEPARATE MEMORANDUM OF UNDERSTANDING WHICH EXPIRES NEXT MARCH.

H. US ORIGINALLY WAS INSISTING CHARTER PROVISIONS BE WRITTEN INTO NEW BILATERAL TREATY, TO BE EFFECTIVE FROM THAT DATE.

I. THIS WAS ONE DISAGREEMENT WHICH CAUSED THREE-DAY BREAKDOWN OF TALKS LAST WEEK, WHICH WAS REMEDIED BY PERSONAL INTERVENTION OF PRIME MINISTER AND PRESIDENT CARTER.

J. THE BRITISH CONSIDER IT IMPRACTICAL TO REACH AN AGREEMENT ON CHARTERS WITHIN TIMETABLE FOR TALKS AND REGARD US POSITION AS AN ATTEMPT TO DIVERT ATTENTION FROM MORE CENTRAL CONSIDERATIONS. NEGOTIATION NOW APPEARS TO REVOLVE AROUND THE QUESTION OF DEADLINE FOR INCORPORATING THE NEW REGIME ON CHARTERS.

K. BOTH DELEGATIONS WERE MEETING SEPARATELY LATE LAST NIGHT IN ATTEMPT TO TAKE STOCK BEFORE ENTERING FURTHER UNCLASSIFIED

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ROUND OF TALKS TODAY.

L. THERE IS NO POSSIBILITY THAT NEW TREATY, WHICH WILL CONTAIN ABOUT 25 ARTICLES, SOME RUNNING TO 50 PAGES, WILL BE PRODUCED WHEN OLD TREATY EXPIRES AT MIDNIGHT TOMORROW.

M. WHAT SEEMS MOST LIKELY IS THERE WILL BE SUFFICIENT COMMON GROUND TO AGREE TO EXTEND DEADLINE. A PROSPECTUS OF AGREEMENT COULD BE PASSED TO LAWYERS OF BOTH SIDES FOR DRAFTING AND CONSIDERATION BY THE TWO DELEGATIONS PRIOR TO SIGNING SOME WEEKS LATER.

2. UNDER HEADLINE "SOME PROGRESS IN TALKS ON ATLANTIC AIR ACCORD", ARTHUR REED WROTE THIS AM IN THE TIMES:

A. UK, US OFFICIALS TALKED THROUGH WEEKEND IN LATE

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P 201238Z JUN 77  
FM AMEMBASSY LONDON  
TO WHITE HOUSE PRIORITY  
SECSTATE WASHDC PRIORITY 5261

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ATTEMPT TO REACH NEW AGREEMENT ON NORTH ATLANTIC AIR  
SERVICES.

B. PRESENT ONE, SIGNED IN BERMUDA IN L946, WILL BE  
CANCELLED BY BRITAIN AT MIDNIGHT TOMORROW. BOTH  
COUNTRIES HAVE THREATENED TO BLOCK EACH OTHER'S AIR  
SERVICES FROM WEDNESDAY IF NO NEW AGREEMENT IS REACHED.

C. ACCORDING TO WHITEHALL SOURCES LAST NIGHT, SOME  
PROGRESS TOWARDS SETTLEMENT WAS MADE OVER WEEKEND. IF  
THIS TREND CONTINUES, DEADLINE OF TUESDAY MIDNIGHT MAY  
BE PUT OFF FOR FURTHER TALKS TO TAKE PLACE.

D. BRITAIN GAVE L2 MONTHS' NOTICE LAST JUNE THAT IT  
WANTED TO NEGOTIATE NEW AGREEMENT BECAUSE IT CONSIDERED  
PRESENT ONE FAVOURS AMERICAN AIRLINES AND RESULTS IN  
TOO MANY EMPTY SEATS BEING FLOWN ACROSS THE ATLANTIC.

E. NUMBER OF SEATS TO BE OFFERED BY THE AIRLINES RE-  
MAINS MAIN POINT AT ISSUE IN DISCUSSIONS.

F. SHOULD TALKS BREAK DOWN, OBSERVERS LAST NIGHT STILL  
BELIEVED THIS A POSSIBILITY, BRITISH AIRLINES WILL  
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DIVERT SERVICES TO CANADA, WHILE AMERICAN AIRLINES  
WILL TAKE PASSENGERS BOOKED TO BRITAIN TO PARIS,  
BRUSSELS AND AMSTERDAM INSTEAD.

3. DAILY TELEGRAPH HAD DIFFERENT SLANT: "BRITISH  
AIRWAYS PLANS TO BEAT US DEADLOCK".

A. WITH MUCH-HERALDED SUSPENSION OF AIR SERVICES  
BETWEEN US, UK LESS THAN 48 HOURS AWAY, BRITISH  
AIRWAYS WILL TODAY ADVISE PASSENGERS FLYING ON WEDNESDAY  
HOW IT PLANS TO GET THEM TO THEIR DESTINATION.

B. SO FAR, BA HAS MAINTAINED STRICT SECRECY ON WHAT  
IT INTENDS TO DO IF BERMUDA AGREEMENT, IS NOT REPLACED  
BY NEW AGREEMENT TOMORROW. AMERICANS, THROUGH SECRETARY  
ADAMS, HAVE SAID MORE THAN ONCE THAT SERVICES WILL END IF  
DEADLOCK IS NOT BROKEN.

C. DEPARTMENT OF TRADE IS ALSO HOLDING BACK ON A PUBLIC  
ANNOUNCEMENT OF CONTINGENCY TRAVEL PLANS AND IS NOT  
EXPECTED TO REVEAL THEM, IF IT BECOMES NECESSARY, UNTIL  
TOMORROW.

D. OBVIOUS DIVERSION FOR BA FLIGHTS IS TO CANADA,  
PUTTING DOWN PASSENGERS IN MONTREAL AND TORONTO FOR  
ONWARD CONNECTIONS TO NEW YORK, CHICAGO AND OTHER DESTI-  
NATIONS. PRESUMZY AGREEMENT HAS BEEN REACHED WITH  
CANADA FOR ADDITIONAL FLIGHTS TO THOSE ALREADY BEING RUN  
BY BA AND AIR CANADA TO BE MOUNTED.

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## Message Attributes

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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009